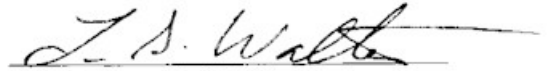


This document has been electronically entered in the records of the United States Bankruptcy Court for the Southern District of Ohio.

IT IS SO ORDERED.

Dated: November 08, 2006


Lawrence S. Walter
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION AT DAYTON**

In re: CLADDAGH DEVELOPMENT GROUP,
LLC,

Debtor

Case No. 06-33124

Judge L. S. Walter
Chapter 11

**ORDER DENYING CLADDAGH DEVELOPMENT GROUP, LLC'S
MOTION TO DISMISS
-AND-
ORDER GRANTING CLADDAGH DEVELOPMENT GROUP, LLC'S MOTION FOR
RELIEF FROM THE AUTOMATIC STAY**

In conjunction with the court's oral decision rendered on November 7, 2006, the court finds that the Petitioning Creditors have met the 11 U.S.C. § 303(b)(1) requirements for filing an involuntary Chapter 11 bankruptcy petition. As such, the court **DENIES** that portion of the motion [Doc. 11] filed by Claddagh Development Group LLC ("Claddagh") requesting dismissal of the case.

The court further finds that Claddagh has established cause pursuant to 11 U.S.C. § 362(d) to obtain relief from the automatic stay to proceed with state court litigation in the Hamilton County Ohio Court of Common Pleas involving Claddagh, Kevin Blair and Pat McDonagh. For this reason the court **GRANTS** that portion of Claddagh's motion [Doc. 11] requesting relief from the automatic stay to pursue the pending state court litigation, but that relief is with limitations.

Specifically, the parties are granted relief from the automatic stay to determine in the state court proceeding whether the funds contributed by Mr. McDonagh to Claddagh were in the form of debt or equity and to determine the amount of McDonagh's equity interest in or claim against Claddagh. However, the parties are prohibited from pursuing any determinations as to remedies including but not limited to the institution of a receivership, dissolution or any action to collect against Claddagh assets or obtain possession of or exercise control over such assets.

Nothing in this Order shall prevent the state court from determining all other issues between the parties before it, including the relative interests of Mr. Blair and Mr. McDonagh in Claddagh.

SO ORDERED.

cc:

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